GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1085
ANSWERED ON:28.07.2000
INVESTORS` PROTECTION ACT
ANANT GANGARAM GEETE;DR. KIRIT SOMAIYA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are considering to have an Investors Protection Act at all India level:

(b) if so, the details thereof;

(c) whether the Union Government have asked various State Governments to pass Investors Protection Act in their State;

(d) if so, the number of States which have passed such legislation;

(e) the details of the provisions of this Act; and

(f) the Government`s viewpoint on State level Investors Protection Act and all India level Investors Protection Act?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (f) The Securities and Exchange Board of India(SEBI) has sent a proposal to the Government for anInvestor Protection Bill. It includes, inter alia, safeguards against asset stripping and siphoning of funds, provisions to award compensation and for attachment of properties of companies which default on payment. The proposal is being examined in consultation with the Ministries/Departments concerned. On May 18, 1999, SEBI, which is the market regulator had requested State Governments to consider enacting legislation similar to the Ordinance enacted by Maharashtra. Tamil Nadu, Maharashtra and Andhra Pradesh have passed legislation for protection of interests of depositors in financial establishments. This legislation relates to acceptance of deposits by financial establishments, and include inter alia, provisions to deal with defaults by such establishments and for attachment of property of companies which default on return of deposits and appointment of a competent authority to exercise control over the monies and properties attached.